



## **Policy Directive**

### **End State Contracting Model Program Plan**

**BACKGROUND:** This Policy Directive sets a clear preference for use of the End State Contracting Model (ESCM) on large dollar cleanup contracts within the Office of Environmental Management (EM). It provides federal, contractor, regulator, and stakeholder parties a clear vision, strategy, and implementation instructions that reaffirm EM's commitment to the End State Contracting approach. EM intends to reinvigorate the completion mindset within its workforce and stakeholders. The ESCM optimizes outcomes from limited funding and reduces risk where work scope can be defined and executed over shorter timeframes, therefore demonstrating a reduction in environmental risk and financial liability in the near term. EM's ability to achieve site closure and focused, accelerated site cleanup is contingent on awarding contract vehicles to the best-qualified, and best value contractor under a rigorous, competitive source selection process. To achieve success similar to past outcomes at the Rocky Flats, Mound, and Fernald sites, EM must award and negotiate contracts with appropriate requirements, incentives, and risk models.

**PURPOSE:** EM is making a concentrated effort to reinvigorate the nuclear cleanup completion mindset. Key components of this are establishing a procurement process that is less burdensome on industry while also making better use of taxpayer dollars.

The ESCM drives better results by establishing a work scope that combines accelerated cleanup with significant reductions in both environmental risk and financial liability, while simultaneously fairly sharing risk between the contractor and government. Each contract will incentivize the contractor to achieve a stated outcome, or "end state" with defined completion criteria, for the end of the contract. The contract end state is a culmination of separate defined outcomes for task orders. Environmental cleanup activity is split into manageable subsets with a clearly defined scope and budget. Estimates are improved and risks are reduced by being closer to execution of the work.

The ESCM is generally appropriate for cleanup and closure requirements at EM sites, and conversely may not be appropriate for operational and mission support requirements. This determination should be made through the acquisition planning process for each individual requirement. The ESCM is not a contract type, but an approach to creating meaningful and visible progress through defined end-states, even at sites with completion dates far into the future.

The ESCM utilizes a single award Indefinite Delivery/Indefinite Quantity (IDIQ) contract, which provides the needed flexibility to task contractors using a risk-based

approach to clearly define discrete scopes of work for site closure or end states. Single or multi-year task orders that implement discrete scopes of work are used to achieve desired end states. This supports a more realistic and reliable pricing, as well as appropriate incentive structures to yield significant reductions in EM's environmental risk financial liabilities.

The ESCM employs a two-step process. The first step is a competitive qualifications-based Request for Proposal to select the contractor representing the best value to the Government. This is followed by single source Task Order(s) negotiations that incorporate effective partnering between EM and its chosen contractor. Further details about the processes are contained in the IDIQ Process and Task Order Development attached to this policy.

The two-step ESCM model enhances EM's ability to partner with industry and its stakeholders at this critical juncture of the Program, with roles described in the Responsible, Accountable, Consulted, Informed (RACI) Matrix attached to this policy. This should allow EM to openly negotiate the appropriate end state Task Orders and regulatory framework to reach completion at many EM sites, and measurably reduce environmental risk and financial liability. In addition, the ESCM allows for better contract management and tasking of discrete scopes of work for a more realistic reliable pricing, and appropriate incentive structures consistent with the progress and technical challenges in the cleanup. Finally, EM believes the ESCM takes advantage of significant lessons learned from the successes at other completion and closure sites.

Benefits of the ESCM to the EM program include, but are not limited to:

- Shorter procurement process timeframes and reduced procurement risk;
- Lowers the cost of entry (including proposal preparation costs) for companies new to the EM market due to the streamlined competitive award process and/or through less cumbersome subcontracting opportunities within task orders;
- Minimal contract reconciliation required upon award;
- Better contract vehicles with fair risk sharing on future tasks that are underpinned by open negotiation based on current site conditions and regulatory frameworks;
- Optimized site cleanup through partnering with key stakeholders for the negotiation of task orders;
- Right-sized task orders that reduce risk of funding instability and include work scope that can be clearly defined;
- Shorter, tailored task orders that incorporate advances in new technology development within the contractor's technical approach; and
- Appropriate alignment of task order incentives for accomplishment of end states.

## **DIRECTION:**

**Define the End State through Partnering:** Partnering is essential for success. The roles of each partner within the ESCM are described in the RACI Matrix. Requirement development and definition of applicable end-states is conducted through comprehensive partnering among EM, to include the contractor, applicable stakeholders, and regulators.

The comprehensive partnering required between the Federal staff and the contractor includes a signed non-binding Partnering Agreement for the cleanup of the site. The agreement will establish a common vision with supporting goals, objectives, and expectations of doing business in a manner that brings the best value to the government.

Further, the process of end state development shall integrate site-wide and EM complex-wide strategy, policy, budget, and regulatory priorities within a collaborative and transparent decision-making environment. The goal is to facilitate meeting cost, schedule, and performance objectives through collaboratively determining the optimal pathway to completing environmental cleanup at a site as early as possible, given budgetary and programmatic considerations.

**Regulatory Interactions:** Stakeholder partnering is a critical aspect to effective ESCM contract execution. Consequently, the Performance Work Statement (PWS) of each end state contract must recognize the importance of interactions with regulators and other local stakeholders in terms of engagement and compliance with current and applicable regulatory requirements. The contractor shall effectively support EM priorities during coordination with the regulators to assist EM in developing an optimum regulatory approach for all work under the ESCM. This authority does not authorize the contractor to commit the government without consulting with EM and gaining its approval as the owner in advance of implementing any proposed changes to the regulatory approach.

As part of this responsibility, the contractor is encouraged to comply with the following in the development and performance of ESCM Task Orders:

- Propose changes to the regulatory approach (where appropriate and necessary), in coordination with EM, including changes to current regulatory end points to establish risk-based end states that maintain protection of human health and the environment; and
- Propose innovations to regulatory strategies and processes that improve total performance.

**Change Management:** The contractor is responsible for total performance of Task Orders issued under ESCM contracts, including its specific technical approach and methods to perform the Task Order PWS, including achieving specific end states (if applicable). As applicable, Task Orders issued under ESCM contracts shall clearly identify risk ownership for both the government and the contractor such that, contract changes are minimized to the extent practicable.

**Small Business and Community Commitment:** The ESCM continues DOE's focus on meaningful small business involvement and community commitment requirements within the ESCM construct. EM values small businesses' contribution toward achieving the EM mission. The ESCM does not change the required subcontracting or small business goals for the acquisitions, nor does it change the definition for what DOE considers meaningful work.

**Workforce Planning:** In cases where the environmental cleanup mission is reaching completion at a site, there may be future impacts on the contractor workforce. Specific contractor workforce impacts will be handled on a site-by-site basis and adhere to local bargaining agreements.

**Acquisition and Contract Management Responsibilities:** Implementation of the ESCM will be a collaborative undertaking among EM Headquarters (HQ), EM Field Sites, and the EM Consolidated Business Center (CBC). EMCBC will be the procuring contract office for contract awards placed utilizing the ESCM, and EM Field Sites will serve as the administering contract office that will issue task orders placed under those IDIQ contracts with HQ approval required for Task Orders exceeding \$25 million. The Decision Map, RACI Matrix, and IDIQ Process and Task Order Development process documents attached to this policy shall be used to award and administer ESCM contracts.

Both the pre-award and post-award acquisition and contract management responsibilities will require extensive support from technical and programmatic personnel through the utilization of Integrated Project Teams (IPTs). This includes, but is not limited to, the following:



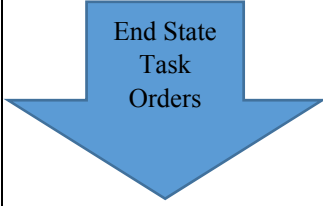
- Preaward activities (see DOE Acquisition Guide, Chapter 15.1, Source Selection Guide), such as:
  - Acquisition IPTs
  - Source Evaluation Boards
- Postaward functions (see Federal Acquisition Regulation Subpart 42.2, Contract Administration Services), such as:
  - Performance of Contracting Officer Representative and Technical Monitor functions
  - Completion of Independent Government Cost Estimates
  - Other assistance with placement and/or administration of ESCM task orders

**SUMMARY:** The ESCM is intended to create and motivate a culture of completion. The new direction EM is pursuing with the ESCM approach provides opportunities for EM to achieve its critical mission while effectively reducing environmental risk and financial liabilities.

**ATTACHMENTS:**

1. Decision Map
2. RACI Matrix
3. IDIQ Process and Task Order Development

## Decision Map

Decision Phase	Key Activities	Key Decision Makers
	<b>Documents and Events:</b> <ul style="list-style-type: none"> <li>Acquisition Planning (FAR Part 7)</li> <li>Market Research (FAR Part 10)</li> <li>Industry/Community Day</li> <li>Requests for Information, along with Contractor and Stakeholder Responses</li> </ul>	<b>DOE Participants:</b> <ul style="list-style-type: none"> <li>AIPT/SEB</li> <li>Procurement Authority (Procurement Director, Head of Contracting Activity, Senior Procurement Executive)</li> <li>EM Program Officials</li> <li>Office of Acquisition Management</li> <li>General Counsel</li> <li>DOE Program Officials</li> </ul> <b>External Stakeholders:</b> <ul style="list-style-type: none"> <li>Contractors</li> <li>Other Interested Stakeholders, including but not limited to States, Communities, Regulators, and Tribes</li> </ul>
	<b>Documents and Events:</b> <ul style="list-style-type: none"> <li>Request for Proposal (Draft and Final), including Contractor and Stakeholder Comment Responses</li> <li>Pre-Solicitation/Pre-Proposal Conference(s), including One-on-One Meetings and Site Tours</li> <li>Independent Government Cost Estimates</li> <li>Industry Proposals</li> <li>Contract Award</li> </ul>	
	<b>Documents and Events:</b> <ul style="list-style-type: none"> <li>Identification of End-States and Requirements Development</li> <li>Task Order Request for Proposal</li> <li>Independent Government Cost Estimates</li> <li>Proposal Evaluation and Negotiation Documentation</li> <li>Partnering Sessions Among DOE, Contractor, and Other Stakeholders</li> </ul>	

## Responsible, Accountable, Consulted, Informed Matrix

The Responsible, Accountable, Consulted, and Informed (RACI) Matrix addresses critical tasks, milestones, or key decisions to include which party is responsible, accountable, where appropriate, who needs to be consulted, and/or informed for each item. Activities that do not apply are shown as (N/A).

Activity	DOE HQ	EM Field Site	EMCBC	Industry/ Contractors	Regulators/ Stakeholders
<b>Step 1: Issue Master IDIQ and Award Contract</b>					
Acquisition Planning/Market Research	A	R	R	C	I
Industry/Community Day	C	A/R	A/R	C	C
Request for Information, including Responses	C	A/R	A/R	C	I
Request for Proposal, including Responses	A	R	R	C	I
Pre-Solicitation/Pre-Proposal Conference(s)	C	A/R	A/R	C	I
Contract Award	A	R	R	I	I
<b>Step 2: Post Award Negotiated Task Order(s)</b>					
Identification of End-States/Requirements Development	C	A/R	A/R**	C	I
Task Order Request for Proposal	A*	A/R	A/R**	C	I
Independent Government Cost Estimates	C	A/R	A/R**	N/A	N/A
Proposal Evaluation and Negotiation Documentation	A*	A/R	A/R**	I	N/A
Partnering Sessions Regarding End-State Task Orders	C	A/R	A/R**	R	I

### Key:

Responsible: Responsible for performing the action.

Accountable: Owner of the action, including owner of the necessary approval authority.

Consulted: Provide input before the action can be completed.

Informed: Need to be kept informed of progress or decisions.

\*DOE HQ is accountable for Task Orders exceeding \$25M.

\*\*For EMCBC field sites only.

## **Indefinite Delivery/Indefinite Quantity Process and Task Order Development**

### **Step 1: Issue Master Indefinite Delivery/Indefinite Quantity (IDIQ) and Award Contract**

- Issue single award IDIQ Request for Proposal (RFP) capturing the Office of Environmental Management (EM) cleanup work at the site (site closure or defined end states, as appropriate) with:
  - Up to 10-year ordering period; and
  - Ability to issue Firm Fixed Price (FFP) and Cost-Reimbursement (CR) Task Orders.
- Master IDIQ contract for work defined in Section C of the RFP is awarded based on:
  - Key Personnel
    - Interview with contractor Program Manager
    - Conduct Oral Presentations
  - Past Performance
  - Management Approach
    - Transition Approach
    - IDIQ Management Approach
    - Small Business Participation
  - Cost reasonableness and realism for contract transition costs, key personnel salaries, labor costs, and fee.
- Source Selection basis:
  - Offeror representing best value where key personnel (most important factor), is followed by past performance and then management approach in importance. When combined, the technical factors are significantly more important than the evaluated price.
- Contract Award sequencing:
  - IDIQ contract award to most qualified offeror that proposes the best value to the government; and
  - First Task Order for contract transition.

### **Step 2: Post Award Negotiated Task Order(s)**

- Evaluate and negotiate Cost-Plus-Incentive-Fee (CPIF), Cost-Plus-Award-Fee (CPAF), Cost-Plus-Fixed-Fee (CPFF), and/or FFP Task Order(s) for site closure/defined end state(s) for at least the first year.
- Fee will be determined on a task-by-task basis and will be commensurate with the associated complexity of work and risk.
- All task order negotiations should be completed within 180 days. Negotiation on the End State Contacting Model (ESCM) task orders should include the following (as applicable):

- Agreement on scope, schedule, and cost, inclusive of discussions with regulators and other stakeholders, as necessary;
  - Identification and assignment of ownership of risks and mitigations;
  - Incorporation of required Government Furnished Services and Information; and
  - Tailored completion criteria and incentive fee structure (including, if applicable, flat portion of CPIF Cost Curve [ $\pm$  % of cost]) for the work under the task order.
- If an agreement on a reasonable price for any task order cannot be achieved under an ESCM IDIQ contract, EM should consider appropriate options. This may include, but is not limited to, enhanced partnering, alternative contract vehicle(s) for performance of the subject task order scope, and/or re-competition of the contract as soon as the minimum guarantee has been satisfied.